CANADIAN SECURITIES ADMINISTRATORS

2010 Enforcement Report

CSA ACVM

Canadian Securities Administrators

The Canadian Securities Administrators (CSA) is the council of the 10 provincial and three territorial securities regulators in Canada. The mission of the CSA is to facilitate Canada's securities regulatory system, providing protection to investors from unfair, improper or fraudulent practices and to promote fair, efficient and transparent capital markets, through the development of harmonized securities regulation, policy and practice.

The CSA seeks to streamline the regulatory process for companies that wish to raise investment capital and individuals and companies working in the investment industry. In enforcement matters, while most enforcement activity is conducted locally – by the securities regulator of the jurisdiction where the respondent or complainant is located – CSA members also coordinate multi-jurisdictional investigations and share tools and techniques that help their staff investigate and prosecute securities law violations that cross borders.

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The Canadian Securities Market

	Canadian Total
Market Capitalization[1]	$ 1.84 trillion
Total Issuers[2]	4,873
Total Registrants (firms)[3]	2,121
Total Registrants (individuals)[3]	121,841
Pension Fund Assets[4]	$ 965 billion
Total Financial Wealth[4]	$ 2.71 trillion

1 Data from the TMX Group as of August 31, 2010

2 Total number of issuers compiled from SEDAR and includes listed and unlisted issuers

3 Data compiled from the National Registration Database

4 Data from Investor Economics, Household Balance Sheet, as of 2009 (Pension fund assets excludes CPP and QPP)

Alberta
Alberta Securities Commission

British Columbia
British Columbia Securities Commission

Manitoba
Manitoba Securities Commission

New Brunswick
New Brunswick Securities Commission

Newfoundland and Labrador
Department of Government Services, Consumer & Commercial Affairs Branch

Northwest Territories
Superintendent of Securities, Department of Justice

Nova Scotia
Nova Scotia Securities Commission

Nunavut
Superintendent of Securities, Department of Justice

Ontario
Ontario Securities Commission

Prince Edward Island
The Prince Edward Island Securities Office

Québec
Autorité des marchés financiers

Saskatchewan
Saskatchewan Financial Services Commission

Yukon
Superintendent of Securities, Community Services

RESPONSIVE

Responsive enforcement acts quickly and appropriately in cases of misconduct.

COLLABORATIVE

Collaborative enforcement can prevent misconduct from spreading across borders and promote efficiency across jurisdictions.

EFFECTIVE

Effective enforcement strengthens public confidence in Canadian capital markets.

2010

178

proceedings were commenced.

74

reciprocal orders were issued.

174

cases were concluded.

Message From The Chair

Bill Rice
Chair, CSA

The Canadian securities enforcement community had a demanding year in 2010. Enforcement staff across the country have been active, investigating cases, working to detect and disrupt misconduct before harm is caused, and prosecuting violations of securities laws. Effective and responsive securities law enforcement aims to protect investors and to reinforce public confidence in Canada's capital markets.

Illegal distributions were by far the largest category of enforcement cases in the past year, and these are the cases that tend to impact a high number of individual Canadians. Illegal distributions often involve affinity fraud, Ponzi schemes and boiler room operations. The case of Nevada-based Gold-Quest International Corp., for example, which is highlighted on page 23, illustrates the effectiveness of collaboration across jurisdictions when dealing with illegal distributions. In that case, two Canadian jurisdictions issued investor alerts warning against Gold-Quest International and several others issued orders prohibiting the company from trading securities. CSA members also provided assistance to the U.S. Securities and Exchange Commission (SEC), which obtained a court order against the company.

An ongoing priority for CSA members is to educate investors on how to identify and avoid fraudulent investments. A key message in our public education efforts is consistent: if it looks too good to be true, it likely is. Sadly, securities law violators can be highly persuasive, enticing investors with novel and attractive sales schemes. In a case like Sabourin and Sun (page 11), investors were encouraged to mortgage their homes, draw down lines of credit, or collapse RRSPs in order to invest. The promotion of RRSP unlocking schemes is a worrying trend that was seen in the Hélios Capital/ Créditis Plus case, discussed on page 25. In such schemes, people in need of money are promised that they will be able to access locked-in pension plans or RRSPs. Canadians should be wary of any advice that includes accessing retirement funds.

"TO REMAIN EFFECTIVE AND RESPONSIVE, WE ARE CONSTANTLY ADAPTING TO NEW TECHNOLOGIES, NEW INVESTMENT PROPOSITIONS AND CHANGING MARKET REALITIES, AND WE CONTINUE TO STRENGTHEN OUR COLLABORATION ACROSS JURISDICTIONS."

The age of online communications has presented both challenges and opportunities for securities enforcement. We see an ongoing trend of unscrupulous promoters seeking virtual communities of potential investors and marketing to them directly. CSA members are fighting back using online tools to further their enforcement and investor education efforts. In the Genius Funds case, discussed on page 24, for example, CSA members acted quickly to stop the illegal sales of securities being promoted online and used blogs and other social media to warn investors about the scheme.

Technology also enables securities enforcement staff to maintain detailed intelligence databases that track "red flag" indicators of potential concern such as investments offering unsubstantiated high rates of return. Having identified a questionable offering, CSA members are increasingly using diverse approaches such as: responding to investment solicitations covertly in order to test their legitimacy; reviewing media advertisements, new websites and social media sites; and confronting potential violators directly and making them aware that their activities are being monitored.

To remain effective and responsive, we are constantly adapting to new technologies, new investment propositions and changing market realities and we continue to strengthen our collaboration across jurisdictions. As a market participant or an investor, you can play a key part by reporting suspicious activity or investment opportunities early to provincial or territorial securities regulators. The Briand case, described on page 25, gives an example of a successful response by Canadian securities regulators to such a tip.

174 enforcement cases were concluded in 2010 alone. It is clear that continued vigilance is essential. Protecting the integrity of our capital markets is in the interest of all Canadians.

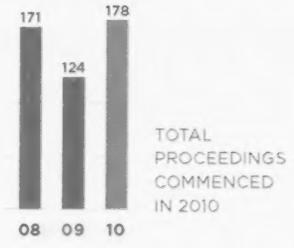
Bill Rice
Chair, CSA

2010 Results

This section presents three years of data in several enforcement categories, including the number of proceedings commenced and concluded, and interim cease trade, asset freeze and reciprocal orders. The number of enforcement cases and the amount of penalties vary considerably from year to year, depending on the size and scope of individual cases and many other factors. Results should be viewed in aggregate; increases or decreases in numbers in any one category should not be viewed necessarily as a trend.

Proceedings Commenced

Proceedings commenced are cases in which Commission staff have filed a statement of allegations or sworn an Information before the courts (or in Québec, where a statement of offence has been served on the defendant), any of which allege wrongdoing. Many of the proceedings commenced in 2010 were still underway at the end of the year, and in such cases, decisions have yet to be rendered. The 178 total proceedings commenced in 2010 include, in aggregate, 301 individuals and 183 companies. By comparison the 124 total proceedings commenced in 2009 included 154 individuals and 112 companies.



Concluded Cases

CSA members concluded an aggregate total of 174 cases in 2010, involving 207 individuals and 100 companies. By comparison, the 141 concluded cases in 2009 involved 160 individuals and 103 companies. The following tables provide more detail about these cases and how they were concluded. Each case is counted just once, even if more than one person or company was sanctioned in a single case.

Table 1 shows completed Canadian enforcement cases, by category of violation, for 2008, 2009, and 2010. Illegal distributions (distributing securities without registration or a prospectus) continue to form the largest category of violation.

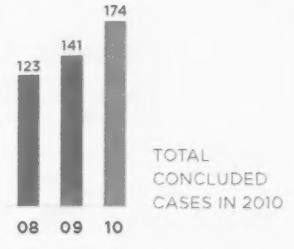


Table 1: Concluded Cases by Category*

Type of Offence	2008	2009	2010
Illegal Distributions	65	68	115
Misconduct by Registrants	30	29	21
Illegal Insider Trading	8	16	13
Disclosure Violations	11	14	11
Market Manipulation	4	3	4
Miscellaneous	5	11	10
Total	**123**	**141**	**174**

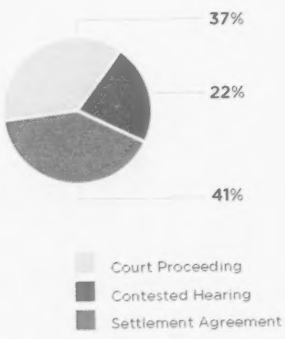
* Reciprocal orders and interim cease trade orders have not been counted in this table.

2010 CONCLUDED CASES BY CATEGORY

Table 2 provides a breakdown of how cases were concluded, whether by a tribunal decision, a settlement agreement with a CSA member, or a court proceeding under securities legislation. All concluded cases are listed in the appendix to this report.

Table 2: How Cases Were Concluded

Concluded Cases	2008	2009	2010
Contested hearing before a tribunal	55	37	39
Settlement agreement	40	69	71
Court proceeding (under securities legislation)	28	35	64
Total cases concluded	**123**	**141**	**174**



HOW 2010 CASES WERE CONCLUDED

Penalties

The sanctions imposed for securities law violations or conduct that is contrary to the public interest range from bans on future activity, such as trading in securities or acting as a director or officer of a public company, to financial penalties and jail terms. Tables 3 and 4 outline monetary orders imposed by securities regulators and the courts over the last three years, including settlements.

Total penalties can vary considerably year to year, depending on the nature of the cases in any given year. The 2009 totals were affected by two very large cases. In 2010, $63,827,006 was ordered in fines and administrative penalties.

Table 3: Fines and Administrative Penalties

	2008	2009	2010
Illegal Distributions	$ 8,411,500	$ 30,833,925	$ 53,592,614
Misconduct by Registrants	$ 368,304	$ 106,186,510*	$ 4,971,418
Illegal Insider Trading	$ 1,203,013	$ 1,769,744	$ 1,835,974
Disclosure Violations	$ 1,947,300	$ 14,454,329	$ 3,148,500
Market Manipulation	$ 460,000	$ 3,000	$ 56,000
Miscellaneous	$ 79,000	$ 425,500	$ 222,500
Total	**$ 12,469,117**	**$ 153,673,008**	**$ 63,827,006**

* Five respondents agreed to pay $104,425,000 in administrative penalties as part of settlement agreements related to asset-backed commercial paper (ABCP).

Restitution, compensation and disgorgement are powers available in specific circumstances to some regulators or courts under securities legislation. Restitution is a remedy that aims to restore a person to the position he or she would have been in had it not been for the improper conduct of another. Compensation is a payment to an aggrieved investor to compensate for losses, either in whole or in part. An order for disgorgement requires the payment to the regulator of amounts obtained as a result of a failure to comply with or a contravention of securities laws.

Table 4: Restitution, Compensation and Disgorgement

	2008	2009	2010
Illegal Distributions	$ 15,839,708	$ 21,131,933	$ 57,000,617
Misconduct by Registrants	$ 697,529	$ 1,280,695	$ 1,554,866
Illegal Insider Trading	–	$ 1,675,056	–
Disclosure Violations	–	$ 68,100,000*	–
Market Manipulation	–	$ 18,641	–
Miscellaneous	–	–	–
Total	**$ 16,537,237**	**$ 92,206,325**	**$ 58,555,483**

* Three respondents in one matter agreed to pay $68,100,000 as part of one settlement.

As well as fines and administrative penalties, respondents are also often ordered by the regulators or courts to pay part or all of the costs of the proceedings. Total costs assigned to respondents by CSA members in 2010 were $1,998,136, as compared to $5,678,413 in 2009.

In addition to monetary orders, courts in Ontario, Québec, Manitoba, Alberta and British Columbia ordered jail terms for 15 individuals in 2010, ranging from three months to three years.

Legislation provides for a statutory right of appeal of both tribunal and court decisions, and securities regulators expend significant resources responding to appeals brought by respondents. Occasionally a CSA member will appeal a court decision. As well as the appeals of decisions included in the table below, procedural appeals are also quite common as cases proceed through the enforcement system.

Table 5: Appeals

	2008	2009	2010
Cases appealed	26	12	19
Appeal decisions rendered	15	11	6*

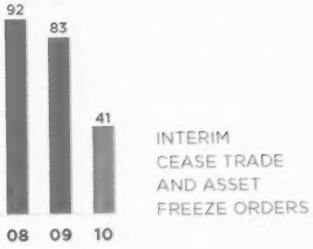
* No decisions were overturned in 2010.

Preventive Measures

As the chart to the right illustrates, CSA members continue to use measures such as interim cease trade and asset freeze orders to protect investors by prohibiting or inhibiting a potentially illegal activity while an investigation is underway.

Under the 41 interim orders and asset freeze orders issued in 2010, trading restrictions were placed on 98 individuals and 89 companies. In 2009, that number was 83 interim orders and asset freeze orders, and trading restrictions were placed on 127 individuals and 106 companies.

Asset freeze orders are used by securities regulators to prevent the dissipation of assets pending completion of an investigation. Where circumstances merit, regulators can also apply to the court to appoint a receiver to manage assets that have been frozen to ensure an orderly distribution of assets back to investors. In 2010, CSA members froze bank accounts relating to 13 individuals, 14 companies and four trusts, representing a total of $11,513,717 in assets.



Reciprocal Orders

In certain jurisdictions, orders issued by a court or securities regulatory authority may be reciprocated. Reciprocal orders are sought to prevent individuals or companies from carrying on their conduct in the reciprocating jurisdiction. The use of reciprocal orders demonstrates the commitment of CSA members to strengthening investor protection and enforcement coordination across Canada.

Cases Concluded By SROs

Self-regulatory organizations (SROs) are an important part of the enforcement mosaic in Canada. The three key SROs, as overseen by CSA members, are the Investment Industry Regulatory Organization of Canada (IIROC), the Mutual Fund Dealers Association of Canada (MFDA), and the Chambre de la sécurité financière (CSF). These three organizations concluded 115 enforcement cases in 2010, compared with 97 in 2009.

Illustrative Case Summaries

This section describes the main categories of securities law violations and presents selected case summaries to illustrate the type of activity that constitutes each category of violation. Cases often fall into more than one category, and many of the categories can include elements of fraud. Also included are summaries of cases prosecuted in the courts, examples of cases that demonstrate collaboration among CSA jurisdictions, and cases that highlight proactive measures taken to protect investors.

The summaries include cases concluded in 2010 (by way of a contested hearing before a tribunal, a settlement agreement, or a proceeding before a court), as well as some case proceedings that commenced in 2010 but have not yet been concluded.

Proceedings commenced are cases where a statement of allegations has been filed, an Information has been sworn before the courts, or a statement of offence has been served on a defendant, any of which allege wrongdoing.

Illegal Distributions

Illegal distributions are by far the most frequent type of securities law violation seen by securities regulators across Canada. An illegal distribution is a sale of securities to investors that does not comply with securities law registration, trading and disclosure requirements. As well as the cases summarized here, many of the notable cases prosecuted in the courts in 2010 were also illegal distributions (see page 20).

Offering an investment opportunity generally requires issuing a prospectus. A prospectus is a document that describes the investment and the associated risks to the investor. Anyone in the business of advising or trading in securities in Canada must register with the relevant securities regulators, unless certain exemptions are available.

In cases of illegal distribution, investors are often promised guaranteed or unrealistic returns on an investment. Illegal distributions of securities sometimes involve Ponzi schemes. These fraudulent schemes pay returns to initial investors from funds provided by subsequent investors. The schemes eventually collapse because there is usually no underlying asset and the perpetrator is ultimately unable to make payments to investors.

Illegal distributions can also involve affinity fraud, a common type of investment scam that targets members of identifiable groups, such as religious or ethnic communities, the elderly or professional groups. The promoters of affinity scams frequently are – or pretend to be – members of the group, whereby they exploit the trust and friendship that exist in a shared community. Investors in a possible scam that is under investigation will sometimes be hesitant even to speak to securities regulators, because their trust in the perpetrator can be so well established that they struggle to realize that the investment in question may not be real.

Concluded cases

The Sabourin and Sun Inc. scheme was a large illegal distribution in Ontario. Investors were led to believe that they would earn a guaranteed annual rate of return of 17.52 per cent on their investments in Sabourin and Sun and associated companies with little or no risk and with no active involvement on their part. Investors were told that their money was to be invested through an offshore trust in the World Bank or the largest banks in the world. Many investors were encouraged to mortgage their homes, draw down their lines of credit or collapse their RRSPs in order to invest. Investors lost most of the approximately $33.9 million that was invested in the scheme. The investment scheme was a sham and had no basis in reality.

The Ontario Securities Commission (OSC) ordered that the respondents disgorge a total of $29.6 million (representing the $33.9 million less the amount that appears to have been returned to investors), and to pay a total of $1.9 million in administrative penalties and costs. The OSC further ordered that any funds realized from the disgorgement and administrative penalties be allocated to or for the benefit of third parties, including investors who lost money as a result of the scheme. Respondents in the Sabourin and Sun case were also subject to permanent cease trade orders, and permanent bans from acting as a director or officer of an issuer.

In Alberta, the decision in the Kustom Design Financial Services Inc. case warns investors of "seminars" that offer financial education and lead to the illegal selling of securities. An Alberta Securities Commission (ASC) panel found that between 2004 and 2007, Kustom Design Financial Services Inc., Kustom Design Group Inc., Hightide Management Inc. and Synergy Group (2000) Inc. together raised more than $8 million by luring investors to financial and tax planning seminars where they illegally offered and sold investments to attendees. Not only was most or all of the invested money lost, but the Canada Revenue Agency has rejected investors' ability to claim tax losses on investments, as promised in the seminars. In August 2010, the ASC imposed trading bans and monetary penalties totaling $500,000 on the three Calgary-based companies, their principals, Michael Lepitre and Mark Jones, Toronto-based Synergy Group (2000) Inc. and its western regional manager, Leonard Zielke. During sanctioning, the ASC panel noted that failure to comply with Alberta securities laws will generally attract sanctions that will include significant monetary penalties that cannot be written off as the "cost of doing business."

Dealing and advising without registration, targeting seniors and trying to sell securities while under a cease trade order resulted in the ASC handing out hefty penalties against a Lethbridge man in September 2010. An ASC panel ordered Robert Smylski and Smylski Consulting Services Ltd. to be permanently banned from the Alberta capital market and pay an administrative penalty of $600,000

> "Overall, the sanctions we impose must protect investors and Ontario capital markets by barring or restricting the Respondents from participating in those markets in the future and by sending a clear message to the Respondents and to others participating in our capital markets that the types of illegal activities and abusive practices identified in this matter will not be tolerated."
>
> – *OSC panel, ruling on the Sabourin case*

for demonstrating "a reckless and deliberate disregard for securities regulatory requirements." Since 2006, Smylski and Smylski Consulting sold in excess of $10 million worth of securities to at least 143 Alberta investors, and Smylski received $800,000 in commissions from these sales.

In its decision, the panel noted that Smylski targeted seniors by offering unsuitable investments, and that he seemed more interested in generating high commissions than providing sound advice to his clients. The panel also took issue with the highly promotional language, styled as expert advice, that Smylski used to attract potential investors and the fact he participated in putting some investors' signatures or initials on documents related to securities purchases.

The Medmira Inc. case in Nova Scotia demonstrates that the failure by a reporting issuer and its officers to comply fully with an order granting exemptive relief will have consequences. In 2005, the Nova Scotia Securities Commission (NSSC) granted exemptive relief permitting Medmira Inc. to distribute its common shares without an underwriter registered in Nova Scotia. However, the exemption was granted with the condition that the number of Medmira Inc. shares distributed under one or more equity lines in any 12 month period would not exceed 10 per cent of the number of shares issued and outstanding at the start of the period.

Medmira Inc. exceeded this 10 per cent limit for the years 2007, 2008 and 2009, thereby breaching the terms of the NSSC's decision. In 2010, Medmira Inc. and Hermes Chan entered into a settlement agreement, and the respondents were ordered to comply with Nova Scotia securities laws. Medmira Inc. and Chan were ordered to pay administrative penalties of $125,000 and $7,500, respectively, and Chan was ordered to complete a course for officers and directors of public companies.

In BC, a British Columbia Securities Commission (BCSC) panel found that Steven Peter Kyllo perpetrated a fraud when he sold securities to investors with promises of impossibly high returns, lied about how he would use their funds and then used their funds to enrich himself and his family members, and for other purposes. Kyllo, while a resident of BC, used Frey Mining Company Ltd., Moenkopi Resources Inc. and Mercury Capital S.A. to raise money from Canadian and U.S. investors between 2002 and 2006. He controlled the flow of funds into and out of the three companies and managed their affairs. During this period, Kyllo sold the investments in the companies, both directly and through individuals to whom he paid commissions. In total, Kyllo raised US$1.14 million from 40 investors without being registered and without filing a prospectus.

> "We are especially concerned by the Respondents' focus on soliciting senior citizens and persuading them to purchase exempt-market products, which are typically more risky and less liquid than the more conservative investment products available to them."
>
> – *ASC panel, ruling on the Smylski case*

> "Fraud is inherently serious. It strikes at the heart of market integrity. Kyllo's fraud is no different. For years he took investors' money and used it for his own purposes. This is at the high end of the range of seriousness of misconduct. To further his fraudulent ends, Kyllo engaged in illegal distributions, made misrepresentations, and caused Frey, Moenkopi and Mercury to engage in the same misconduct – all contraventions of key provisions of the Act designed to protect investors and the integrity of our markets."
>
> – *BCSC panel, ruling on the Kyllo case*

Investors in the Moenkopi and Mercury investment programs were told they would earn high returns that, according to expert testimony, are not legally possible. They were also told that their funds would not be put at risk, and that their funds would be invested with traders dealing in large private high-yield trading programs. This was untrue.

Kyllo was permanently banned from BC's capital markets and ordered to pay $250,000 – the maximum administrative penalty the panel could order under legislation at the time the conduct occurred. The three companies were permanently cease traded and must pay $1.5 million in administrative penalties. The panel also ordered the respondents to disgorge the US$1.14 million obtained from their misconduct.

Update from 2008

An update to Québec's Mount Real matter, first reported in 2008, demonstrates that lower level players in illegal schemes, not only the masterminds, are also held responsible. In this case, the Autorité des marchés des financiers (AMF) found that Yves Tardif repeatedly acted with negligence by aiding Mount Real Acceptance Corporation and Investment Real Vest Ltd. with illegal distributions. Tardif also promised a guarantee on investments. His actions had a major impact on the 21 investors involved, who lost more than $3 million. In April 2010, Judge Michel Bellehumeur of the Court of Québec imposed fines totalling $453,000 on Tardif, saying that as "a main cog in the machine who did not question its workings, he deserves hefty penalties." To date, 18 of the 24 representatives who were accused of illegally distributing the Mount Real securities have been found guilty of a total of 478 charges and fined $2,214,500, with several other quasi-criminal proceedings still pending in the case.

> "Losing one's savings and all this money had a major impact on all the victims. They feel ashamed, insecure, uncertain and powerless, to say nothing of how their lives have been turned upside down and changed forever. These are just some of the psychological and emotional scars left on the victims, who average around 60 years of age."
>
> – *Judge Michel Bellehumeur of the Court of Québec, ruling in the Tardif case*

Investors who are taken in by illegal distributions seldom recover their money. As well as shutting down illegal distribution schemes, CSA members also work to educate investors on how to recognize and avoid suspicious or fraudulent investments by way of provincial and territorial securities regulator websites, brochures and programs.

Misconduct by Registrants

Any person or company in the business of advising or trading in securities in Canada must be registered under the securities laws of each Canadian jurisdiction in which they conduct this activity, unless an exemption is provided in legislation or by order from the securities regulators. Misconduct by registrants occurs when a registered person or company violates securities laws. It is also misconduct to fail to register when required to do so, or to fail to adhere to the conditions of a registration exemption. The notable cases in 2010 in this category include both officers of corporate registrants (e.g. Retrocom and Norshield) and individual registrants (e.g. Cahill and McDonald). The corporate cases illustrate how important it is that managers of investment funds, who control substantial pools of investment dollars, be held to and

observe the highest standards. The individual cases offer poignant examples of what happens when financial advisors breach the trust placed in them by their clients. There is also an interesting case illustrating the consequences an individual faced as a result of lying on an application to become a registrant.

Concluded cases

Ontario's **Retrocom Investment Management Inc.** (RIMI) case is an example of how officers of an investment fund manager are held responsible for the fund manager's failure to exercise its powers and discharge its duties fairly, honestly, in good faith and in the best interests of the fund. RIMI was the fund manager of Retrocom Growth Fund (Retrocom), a labour-sponsored investment fund set up to invest in small and medium-sized companies in various sectors. In December 2005, Retrocom suspended redemptions because it did not have sufficient liquidity to meet outstanding redemption requests; and in August 2006, Retrocom filed for bankruptcy protection.

RIMI's misconduct included significantly over-valuing the net asset value (NAV) of the fund, which resulted in overpayment of fees to RIMI and affected the price that investors paid or received when purchasing or selling fund units. Certain of the officers also received personal benefits from companies in which Retrocom invested, in the form of condominium units and other real estate, without the fund's knowledge. In April 2010, the OSC concluded settlement agreements with Roy Michael Steplock, Ralph Tersigni, and Edward Holko, officers of RIMI, and Christopher Geddes, an officer of Retrocom. They agreed to pay a total of $1.7 million and received other sanctions, including registration bans and bans from acting as a director or officer of a public company, investment fund, investment fund manager, or registrant.

In Manitoba, the case of **Barrie William Cahill** offers an example of jail time handed down for a single case of significant harm done to an individual investor. In August 2010, the Manitoba Securities Commission (MSC) concluded a prosecution against Cahill for acting as a salesman of Premier Gymnastics Limited. At the time of the offence, Cahill was registered under the Manitoba Securities Act as a mutual fund salesman, but was not registered to sell securities of Premier, of which Cahill was a director and general manager and his wife a director, officer and shareholder. Cahill met with a long-time mutual funds client, an elderly widow of modest means, to advise her on how to invest $60,000 from the sale of the family cottage. Cahill took a blank payee cheque from her for $60,000 and deposited the funds into Premier's account. At the time, Premier was in financial difficulty. No paperwork was done documenting the investment, and the elderly investor thought the money had been invested in mutual funds. While she received some interest payments over the years, the principal of $60,000 was never returned to the investor. Cahill was found guilty at trial of one offence for the single transaction. He was sentenced to six months imprisonment.

> "In our society, the availability of mechanisms for investment benefits not only the individual investor, but the proper functioning of the economy generally, for the benefit of the broader community. Again and again, the object of securities regulation has been recognized as the protection of the investing public."
>
> – *Judge Smith of the Provincial Court of Manitoba, ruling in the Cahill case*

In September 2010, the ASC concluded a settlement agreement with Neil Andrew McDonald related to ASC allegations that he perpetrated a fraud and made false or misleading statements to investors. In the settlement agreement, McDonald admitted that between February and April 2009 he raised $439,000 from seven Alberta investors by telling them he would purchase guaranteed investment certificates, when in fact he used $260,000 of their funds to buy securities in another company in his own name and that of his business partner. McDonald admitted creating investor application forms and promotional material for the investment certificates and affixing, without permission, the logos of Armstrong & Quaile and the Royal Bank of Canada Insurance to these documents. He also created an account statement on Armstrong & Quaile letterhead to confirm the investment that had not in fact been made. McDonald has repaid the investors the money they entrusted with him. Under the settlement agreement, he agreed to refrain from operating in the Alberta capital market for 15 years and paid the ASC a total of $20,000 in penalties.

The MSC took enforcement action against Kristine Amanda Fileccia for providing false and misleading information in connection with an application for registration. Fileccia was employed with a registrant and, as part of her employment, was to apply for registration in Manitoba. The accused disclosed in her application that, since turning 18, she had not been convicted of, pled guilty to or no contest to an offence that was committed in any province, territory, state or country. MSC staff subsequently received information that a criminal record "may exist," and sought further information from Fileccia to clarify the criminal disclosure in her application. She then provided false and misleading information about her criminal record in support of her application. Eventually she resigned from her employment and the registration application was withdrawn. On July 22, 2010, Fileccia pled guilty in provincial court to one count of making statements in material or information submitted under the Manitoba Securities Act to the Director that were false or misleading. She was fined $2,000.

> "I think we can all agree that the purpose of the legislation is to protect the public against this type of conduct: protection of the public from deceitful, fraudulent and inappropriate acts. That is what you did. It wants to protect the public from that kind of conduct with respect to people that are selling and registered persons under the act."
>
> – *Associate Chief Judge Chartier of the Provincial Court of Manitoba, ruling in the Fileccia case*

Update from 2008

Since it was first reported in 2008, the case of Norshield Asset Management (Canada) Ltd. (NAM) has progressed in both Ontario and Québec. An OSC panel has imposed sanctions on a number of respondents in relation to various collapsed hedge funds managed by NAM. The Norshield collapse, which involved a complex investment structure that stretched across many jurisdictions, ultimately resulted in the loss of most of the $159 million invested by 1,900 Canadian retail investors. The panel found that investment fund distributor, Olympus United Group Inc., its manager, NAM, and two of NAM's senior officers and directors, John Xanthoudakis and Dale Smith, failed to deal fairly, honestly, and in good faith with client investors.

The respondents failed to communicate the true nature of the investment structure and to account for the funds invested. Investors thought they were investing in a fund that provided them with access to a portfolio of hedge fund managers which they would have had difficulty accessing on their own due to the minimum investment requirement with each hedge fund manager. Instead, some of the funds were invested in a U.S. corporation and some were invested in a portfolio of equity investments through four Bahamian funds. Ultimately, the value of the investments fell far short of the funds invested in them and there was little residual value remaining for the investors. The respondents were unable to account for investors' funds and they failed to keep proper books and records in relation to the investment structure. They also communicated information to investors based on artificially inflated NAVs, and gave preference to certain redemption requests over others.

In August 2010, the OSC ordered that NAM, Olympus United Group, Xanthoudakis, and Smith cease trading in securities permanently and that they be permanently prohibited from becoming registered. Xanthoudakis and Smith were permanently banned from acting as directors or officers, and ordered to pay a total of $4.5 million in administrative penalties and costs. In addition, in March 2010, the AMF launched 11 penal proceedings tied to the illegal distribution of four investment vehicles related to Norshield (Olympus International Preferred Fund Ltd., Globe-X Enhanced Yield Fund, Commax Management inc. and Balanced Return Fund). A total of 140 charges have been filed and the AMF is seeking $976,000 in fines.

Update from 2009

First reported in 2009, the case of Sung Wan (Sean) Kim concluded in December 2010 when a BCSC panel ruled that Kim perpetrated a fraud when he took $15.7 million from 36 investors, of which at least $13.7 million went to Kim's personal bank account. The panel ordered $47.1 million in penalties against Kim – the highest ever ordered in commission history – a sum comprised of an administrative penalty of $31.4 million and disgorgement of $15.7 million. Kim is also permanently banned from BC's capital markets.

Kim, who was the president and sole director of Cirplus Futures Inc., a Vancouver-based exchange contracts dealer, promised investors they would receive returns ranging from 26 to 60 per cent a year. In some cases, he forged letters purportedly from the BCSC that falsely stated that the securities commission was actively engaged in oversight of Cirplus' business. He also falsified investor account statements showing fake profits and other information that in some cases prompted investors to give him more money to invest. Almost all of the investors received no returns and all have lost their principal investment.

> "In a calculated fraud stretching over two and a half years, Kim took investors' money and used it for his own purposes. That, and Kim's reprehensible forging of purported BCSC documents to advance his fraud, puts his misconduct at the top of the range of seriousness."
>
> – *BCSC panel, ruling on the Kim case*

Canadians must be able to have confidence that investment fund managers are dealing fairly and honestly, and operating in the interests of the fund investors rather than out of self-interest. Individual registrants must also be held to high standards of conduct at all times.

Illegal Insider Trading

Illegal insider trading involves buying or selling a security of an issuer while possessing undisclosed material information about the issuer, and includes related violations such as 'tipping' information and trading by the person 'tipped.' Material information can include everything from financial results to executive appointments to operational events.

Illegal insider trading is sometimes perpetrated by people who have access to undisclosed material information of an issuer through their employment with a service provider such as a consulting firm or through another type of third-party relationship.

Concluded cases

This type of illegal insider trading is demonstrated by the Dominic Côté case in Québec. Dominic Côté is a former information technology manager and former employee of a national law firm in Montreal. In February 2010, at the request of the AMF, the Bureau de décision et de révision (the Bureau) issued a cease trade order against Côté and froze several of his accounts. In October 2010, Côté pled guilty to 13 charges for trading in securities based on privileged information and one charge for disclosing privileged information. He agreed to pay $1,260,336.56, a fine equivalent to double the profit realized through his trading. The AMF investigation revealed that, between October 2006 and February 2010, Côté traded in the securities of 13 listed companies while in possession of privileged information acquired through his IT administrator profile at the law firm. Generally, he purchased shares shortly before material information was released publicly that had an effect on the market price of these companies' securities and sold those shares in the days following the release of the material information.

> "Persons who commit such offences undermine market efficiency by using information that only they have. These individuals create an imbalance between those who are in the know and those that aren't."
>
> – *The Bureau de décision et de révision, ruling on the cease trade and freeze order in the Côté case*

Proceedings commenced

In the Paul Donald case in Ontario, the OSC alleges that in August 2008, Donald, a former Vice President of Research in Motion (RIM), attended a golf and dinner function for officers of RIM where he was told that RIM had been in confidential discussions to acquire Certicom Corp. and that Certicom's current share price was dramatically undervalued based on its licensing agreements. The following day, Donald allegedly began purchasing Certicom securities, something he had never done before, ultimately acquiring 200,000 shares. In December 2008, RIM launched a hostile take-over bid for Certicom and purchased all its shares in March 2009 under a plan of arrangement. The OSC has commenced proceedings against Donald, alleging that he traded in Certicom securities with knowledge of material facts with respect to Certicom that had not been generally disclosed. Donald allegedly made $295,000 from trading in shares of Certicom.

The Finkelstein et al case is also in Ontario. In 2010, the OSC commenced proceedings against Paul Azeff, Korin Bobrow, Mitchell Finkelstein, Howard Jeffrey Miller and Man Kin Cheng (a.k.a. Francis Cheng) in connection with an allegedly illegal insider tipping and trading scheme. Finkelstein was a partner in the mergers and acquisitions area at a large Toronto law firm. OSC staff allege that Finkelstein informed Azeff, his close personal friend, of material, non-public information related to four corporate transactions in which the Toronto law firm was involved, prior to that information having been generally disclosed. Azeff was a trading officer with an investment bank in Montreal. Staff allege that he passed on the information acquired from Finkelstein to one of his clients and to Korin Bobrow, his business partner. Azeff's client allegedly further passed on the information to Howard Miller, an investment advisor in Toronto. Staff allege that Miller also passed the material, undisclosed information to Cheng, a fellow investment advisor at the same brokerage firm, and that both Miller and Cheng passed such information on to certain of their clients.

OSC staff allege that the respondents traded and/or recommended trading, while in possession of the material, undisclosed information concerning the pending corporate transactions. In all four of the subject transactions, the shares of the companies involved increased in value by approximately 20 per cent following the public announcement of the transactions.

Staff allege that, in total, the trading by Azeff, Bobrow, their families, friends, and clients, in the securities of the four companies involved in the transactions, would have generated profits of approximately $2.6 million. Similarly, the trading by Miller, Cheng, and their family members allegedly generated a profit of approximately $130,000.

Illegal insider trading erodes investor confidence. For markets to operate with integrity, investors must have confidence that everyone has access to the same information when making trades. This is not the case when an insider trades illegally with the benefit of information that has not yet been publicly disclosed. CSA members and IIROC collaborate through special surveillance units that monitor trading activities, regardless of transaction size, to identify any patterns that may indicate illegal insider trading.

Market Manipulation

Market manipulation involves efforts to artificially increase or decrease a company's share price. Examples of market manipulation include 'pump and dump' schemes, high closing activities and volume manipulation.

Concluded cases

The case of Raymond Courtney in Nova Scotia involves complex market manipulation to maintain or inflate the share price of Knowledge House Inc. (KHI), a company that was eventually delisted after its share price collapsed. The NSSC filed its original statement of allegations in this case in 2006, but the documentation was ordered sealed by the Commission and the case has therefore never been reported.

Raymond Courtney was an officer and director of KHI, and he had significant share holdings in the company. KHI was publicly traded on the TSX. Courtney provided freely trading shares of KHI to Bruce Clarke, a registrant at National Bank Financial who operated a personal account through which he traded the shares of KHI. Clarke and Courtney artificially maintained the price for the shares of KHI though a price maintenance or support scheme – a scheme that was not disclosed to the public.

Courtney's settlement agreement acknowledged that he violated securities laws by trading on undisclosed material information, and failed to file insider share ownership and change of ownership reports. An administrative penalty of $12,500 plus costs was assessed, and Courtney was banned from serving as a director or officer of any issuer. Proceedings against other respondents in the case continue.

Proceedings commenced

Staff of the OSC have commenced proceedings against Anthony Ianno, a former Member of Parliament, and Saverio Manzo, a former registrant, alleging that they manipulated the market for shares in Covalon Technologies Ltd. by raising or artificially maintaining their price. Ianno, it is alleged, frequently purchased Covalon shares through multiple brokerage accounts at or near the end of the trading day, and encouraged Manzo and eight other associates to engage in similar late-day trading. The majority of Manzo's late-day trades of Covalon shares occurred less than one minute before the exchange closed, and were frequently trades of only 100 shares. Between January 2007 and April 2008, Ianno allegedly purchased approximately 4 million common shares of Covalon for approximately $7.6 million through 11 different accounts held at eight different brokerage firms, and Manzo allegedly spent approximately $2.8 million on approximately 935,000 shares through 10 different accounts held at five different firms. In both cases, more than half of these shares were purchased on margin (purchased on credit advanced by the brokerage firm and secured by the value of the shares). OSC staff allege that the late day trading activity of Ianno and Manzo resulted in a misleading appearance of trading activity and in an artificial price of Covalon shares.

In the Downshire Capital Inc. case, the AMF worked closely with the SEC to dismantle an alleged market manipulation scheme. According to the AMF, Carol McKeown and Daniel F. Ryan of Montreal received shares in companies they helped promote on their website, PennyStockChaser.com and their social media accounts. One of the penny stocks touted was Biocentric Inc. The AMF and SEC allege that Biocentric shares were being sold by Downshire Capital Inc., a company owned by McKeown and Ryan, on the over-the-counter Pink Sheets market while their website was simultaneously predicting massive price increases for the company's shares, a practice referred to as "scalping."

The Montreal couple and their corporations, Downshire and Meadow Vista Financial Corp., allegedly received millions of shares of touted companies and at least $2.4 million in sale proceeds from their scheme. The SEC has filed a complaint against the couple for violations of the U.S. Securities Act. In June 2010, as a result of both ongoing investigations, the AMF, with the help of the SEC, obtained an emergency ex parte order freezing approximately $3 million worth of assets held in Québec and a cease trade order against McKeown, Ryan, Downshire Capital Inc. and Meadow Vista Financial Corp.

Prosecution in the Courts

Canadian securities regulators are able to pursue charges related to securities law violations in the courts, either on their own or through a Crown prosecutor, where jail terms can be imposed upon conviction. As illustrated below, there were numerous examples of noteworthy cases being successfully prosecuted in the courts in 2010.

Concluded cases

Securities regulators and courts take a dim view of past offenders who violate the terms of prior cease trade orders or other sanctions. Three cases in 2010 illustrate this point.

In Ontario, Abel Da Silva was sentenced in the Ontario Court of Justice to 75 days in jail and two years of probation for violating the terms of an OSC cease trade order. In 2005, the OSC found that Da Silva had illegally distributed securities and traded in securities without registration. While employed as a salesman with J. Allen Capital, Da Silva participated in a sales program in which the securities of Andromeda Media Capital Corporation were sold to the public. On May 10, 2006, the OSC ordered that Da Silva cease trading in any securities for seven years, except for his RRSP. Between April 23, 2007 and August 21, 2007, Da Silva sold the securities of Colby Cooper Inc. to 27 investors and received over $45,000 in compensation. In doing so, Da Silva was in breach of the cease trade order. The OSC commenced a proceeding against Da Silva in the Ontario Court of Justice. Da Silva pled guilty to the offence of contravening Ontario securities law by trading in the securities of Colby Cooper Inc.

A Provincial Court of Alberta judge sentenced 73-year old Calgary businessman Robert John Sellars to two years in a federal penitentiary after finding him guilty on seven counts, including making misleading or untrue statements to investors and breaching a 2006 ASC order that banned him from selling securities. This is a significant decision because despite his age, the Court found that Sellars' actions against investors and the market deserved a two-year jail sentence. This case also shows that, where warranted, the ASC will seek incarceration for individuals that have no regard for Alberta's securities laws and who are not deterred by bans or administrative penalties.

> "The aims of deterrence... are well served where a penitentiary sentence is awarded to a man who is 73 years old and... in circumstances where there have been numerous transactions and a number of investors who have been harmed by his... conduct."
>
> – *Judge Gerard M. Meagher of the Provincial Court of Alberta, ruling on the Sellars case*

The Provincial Court also granted restitution orders, requiring Sellars to pay almost $2 million to four Alberta investors. Sellars is also permanently banned from trading in securities, acting as an officer or director of any issuer and using Alberta securities laws exemptions.

In British Columbia, Malcolm Stevenson was convicted of two counts of breach of order and one count of making prohibited representations. Stevenson had been a promoter for International Fiduciary Corp. (IFC), in a case which was featured in the CSA 2008 Enforcement Report. On November 1, 2006, the BCSC issued a Temporary Order and Notice of Hearing respecting Stevenson and the investments he was promoting. Subsequent to the Temporary Order, in late 2006 and early 2007, and prior to the conclusion of the administrative proceedings respecting Stevenson, BCSC investigators operating covertly witnessed Stevenson soliciting further investment in IFC. On May 14, 2010, after lengthy delays initiated by Stevenson, he was convicted in absentia in Provincial Court. Stevenson had yet to be sentenced by the end of 2010, pending his arrest on an outstanding BC wide warrant.

In conducting securities investigations, enforcement investigators are often authorized to issue summonses which compel the production of documents and require a person to answer questions. In Ontario, the case against Peter Robinson illustrates the consequences of failing to comply with a summons. In 2009, Robinson ignored a summons served on him. The OSC made an application to the Superior Court of Justice to enforce the summons. The Court ordered Robinson to provide documents and answer questions. Robinson again failed to respond. In January 2010, he was sentenced to a term of 4 months in prison for failing to comply with the Court Order. He was also ordered to attend at the OSC and answer questions, and provide documents, as lawfully required.

In September of 2010, the MSC concluded a prosecution in the Provincial Court of Manitoba against John Augustus Ishmael for multiple offences related to Futronics Inc. Neither Futronics, a Manitoba company, nor Ishmael, an officer of the company, were registered to trade in securities. Futronics used newspaper advertisements to lure in people who needed cash and held locked-in investments. The locked-in investments were swapped for Futronics shares, and the cash from the original investments was typically forwarded to Futronics temporarily, before the bulk of the money was forwarded to Speech Mall.com Inc., a company of which Ishmael was a director and officer. Speech Mall.com then loaned back to the investor 60 to 70 per cent of the amount invested. Eleven of these transactions were completed. Investors were named nominally as officers of Futronics as part of a ruse to keep the transactions from being detected by the MSC. Over $446,000 was collected, with losses to the investors totalling over $160,000. Ishmael was sentenced to a period of incarceration of 12 months less double-credit for time served in custody for a total of 10 months going forward. Ishmael is appealing his conviction.

Also in Manitoba, the MSC concluded a prosecution against Scott William Bradley Spence for unregistered trading and illegal distribution of securities of Renaissance Consulting Inc. Spence had been registered as a mutual fund salesman for over six years. However, he had never been registered to trade in securities of Renaissance, nor had Renaissance ever been registered or filed a prospectus. Spence was a director, president, and shareholder of Renaissance, which was said to be developing a web-based program called Optimize Your Money. Spence traded to 10 investors, including members of the military, and collected a total of $134,500, some of which he used personally. Spence was sentenced to six months imprisonment followed by supervised probation with conditions to perform 100 hours of community service, to pay restitution and not to be involved in the securities industry.

In Québec, prison terms were imposed upon five respondents, including Jean-François Laroche, in relation to an illegal distribution scheme in O de Mer Propulsion Inc., a company that intended to market two saltwater-based products using water from the Labrador Sea, one of which was declined approval by Health Canada. The AMF found that 76 investors had invested a total of $1,351,900 in the company between November 2005 and December 2007. Only 15 of these investors received a full or partial reimbursement. In March of 2010, the five respondents and O de Mer Propulsion Inc. were found guilty of the 346 charges brought against them related to the scheme.

In his sentencing decision, Judge Dumais of the Court of Québec underlined the presence of many aggravating factors in this case, including the respondents' refusal to recognize the effect their actions had upon the investors, their disregard for shareholders' rights and their attempt to influence the witnesses just before the trial. Laroche, who had already been found guilty of 84 similar infractions in connection with the Cogetax case in October 2009, was sentenced to 12 months in prison, the longest prison term in this case.

> "According to the evidence, the accused recruited investors by brandishing before their eyes common values, namely, alternative medicine or overall health. Investors with health problems were interested in the product, made an investment and recruited other investors. This involved a breach of trust that the court might take into account."
>
> – *Judge Jean-Pierre Dumais of the Court of Québec, ruling on the O de Mer Propulsion Inc. case*

Update from 2009

The case of Stevens Demers in Québec demonstrates that courts are often more severe with second time offenders. As described in last year's Enforcement Report, in 2009 Demers was found guilty of aiding the distribution of shares without a prospectus approved by the AMF and of pursuing activities as a securities dealer without being registered. Demers was ordered to spend two and a half years in prison. In 2010, Demers was found guilty of a further 64 counts of illegal distribution of Enviromondial securities and was sentenced to an additional 36 months in prison and ordered to pay $240,000 in fines. In total, Demers has been found guilty of an overwhelming 410 charges. In 2010, Demers' daughter Nathaly was found guilty of 85 counts of illegal distribution related to the Enviromondial case and fined $416,000.

The courts play a distinct and important role in the enforcement of Canadian securities law. Courts may punish wrongdoers for misconduct by ordering fines and jail terms in cases of contraventions.

Inter-Jurisdictional Collaboration

Collaboration among CSA members on enforcement activity takes many forms, from information sharing and joint investigations to joint hearings. It can also involve collaboration and cooperation with international regulatory bodies like the SEC. In many jurisdictions, reciprocal orders may be used, as provided by statute, to extend sanctions from one jurisdiction to another in order to prevent misconduct.

Concluded cases

In June 2010, an ASC panel found that Nevada-based Gold-Quest International Corp. raised approximately US$29 million from almost 3,000 investors through a sham investment scheme that constituted "an egregious flouting of Alberta securities laws." Investors were enticed with promises of 87.5 per cent returns from foreign currency trading, as well as promises of referral payments for the recruitment of new investors. The ASC panel issued permanent cease trade orders on Gold-Quest International and its securities. It also permanently banned the scheme's creator and operator, David Michael Greene, and his associate, John Jenkins, from the Alberta capital market and ordered each to pay an administrative penalty of $2 million. The Gold-Quest International penalties were the largest ever applied to individuals by the ASC. Two other individuals were also sanctioned in this case.

This is not the first time securities regulators have acted against Gold-Quest International. As reported in 2008, the BCSC and the MSC previously issued a joint investor alert warning of Gold-Quest International's activities. The OSC, the AMF, the BCSC and the Saskatchewan Financial Services Commission have also issued interim orders prohibiting Gold-Quest International from trading securities in their jurisdictions. The SEC has obtained a court order against Gold-Quest International and has acknowledged the assistance of the ASC, the BCSC, the MSC and the OSC in this case. In addition, the OSC concluded proceedings against three individuals who promoted Gold-Quest International in Ontario. Gold-Quest International received in excess of $2 million from the Ontario investors.

In the Axcess Automation LLC et al case, OSC staff worked closely with staff of the U.S. Commodity Futures Trading Commission (CFTC) and the SEC as this matter involved activity both in the U.S. and in Canada. In August 2010, the OSC concluded settlement agreements with David Rutledge, his company, Anesis Investments, and Ronald Mainse, all of whom traded in securities and futures contracts without being registered in Ontario. The trading related to an investment scheme operating out of the state of Nevada by Gordon Alan Driver, through his companies, including Axcess Automation LLC. Both Rutledge and Mainse, who were affiliated with a Christian non-profit charitable

> "The Gold-Quest Offering was both a classic Ponzi scheme and a classic pyramid scheme which denied Gold-Quest investors... the very protections mandated by the fundamental registration and prospectus requirements of the Act."
>
> – *ASC panel, ruling in the Gold-Quest International case*

organization, had formed an investor group and invested approximately US$2 million in the Axcess scheme. The OSC ordered that Rutledge and Mainse cease trading in securities and contracts and be prohibited from acting as a director or officer for 15 years and eight years, respectively, and that they pay a total of $448,877 in administrative penalties, disgorgement and costs.

The OSC, SEC and CFTC have outstanding proceedings against Driver and the Axcess companies. Driver allegedly raised more than US$15 million from approximately 200 Ontario investors. In addition, the OSC has an outstanding related proceeding against two other individuals, Steven M. Taylor and Reynold Mainse, who, along with their related companies, are alleged to have also traded in securities and futures contracts in Ontario, without being registered to do so.

Inter-jurisdictional collaboration is increasingly important as online technology makes it ever easier to engage in capital market misconduct across borders.

Proactive Measures

A high priority for each CSA member is to detect and disrupt securities misconduct before harm is caused. Cyber-surveillance is growing in importance as investment scams are increasingly promoted through online channels. While monitoring digital media for evidence of potential securities law violations, CSA members are also able to use digital media tools proactively, to warn investors against dubious investment offers.

Once an enforcement process is underway, it can be time consuming, given the complexity of many securities law violations and the lengthy investigations required. CSA members take proactive measures, such as issuing interim cease trade orders or asset freeze orders, whenever possible to safeguard Canadian investors while investigations are in progress.

Concluded cases

The Genius Funds case is a good example of quick action by a securities regulator and effective use of social media to warn investors of illegal distributions. Genius Funds, also known as Genius Investments, was illegally selling securities through its multi-lingual website and offering investors a rate of return so high it could not possibly be earned through legal means. After receiving a tip from a financial institution in early February 2010, the BCSC immediately stopped Genius Funds from selling its securities until a hearing could be held. This temporary order prompted the Cyprus Securities and Exchange Commission to warn investors that Genius Funds was never authorized to operate in Cyprus, as the company had claimed. Other Canadian regulators also issued investor alerts and stopped Genius Funds from selling

securities in their jurisdictions. Throughout this process, and subsequent to the final decision by the BCSC panel to permanently ban Genius Funds from selling securities and engaging in investor relations activities, communications staff used blogs and social networking sites to warn investors about this and other similar schemes.

A case from New Brunswick shows that tips from the public can make a big difference, particularly if they relate to suspicious activity rather than reporting a loss already incurred. In March 2009 the New Brunswick Securities Commission (NBSC) received a tip from an individual who had previous experience with Stephen Harrison of Briand, Harrison & Associates Corporation when he owned and operated a failed investment business in Ontario. The tip concerned a suspicion that Harrison might now be looking to start an investment business in New Brunswick. NBSC staff began an investigation into the operations of Briand, Harrison & Associates Corporation, and discovered that the company was indeed seeking to hold itself out as a company offering investment advice. During a covert operation, Harrison and Briand made certain misrepresentations about their qualifications and their purported business. This led to administrative action and their being banned from relying on exemptions under the New Brunswick Securities Act. They were also ordered to pay penalties of $6,000 and $2,000 respectively, and costs of $1,000 each. Because of the proactive tip by a concerned citizen, a potential loss to New Brunswick investors was avoided.

Proceedings commenced

As a result of the Hélios Capital/Créditis Plus case in Québec, the BCSC and MSC have issued investor alerts to warn investors about RRSP unlocking schemes. RRSP unlocking schemes are quite common in Canada, particularly in times of financial crisis. According to the AMF, the perpetrators of this alleged scam promoted false investment claims in classified advertisements in local newspapers. The ads promised that people in need of money could access funds from their locked-in retirement accounts containing funds transferred from pension plans with ex-employers. To get the money, the AMF alleges that investors had to transfer their locked-in retirement accounts to a company operated by the defendants, such as Financière Hélios Capital, or had to pay fees and qualify for loans. But rather than providing funds as promised, it is alleged the defendants simply took the investors' money and disappeared, leaving already cash-strapped victims in dire financial situations.

The AMF's investigation revealed that between September 2009 and March 2010 more than $1.4 million was deposited in the bank account of Altima Environnement Technologie, a company of one of the defendants. On May 26, 2010, at the AMF's request, the Bureau issued a cease trade order and issued an ex parte freeze order against the defendants and their accounts. These orders remain in place. As well, in December 2010 the NSSC issued a cease trade order against Hélios Capital/Créditis Plus.

Securities regulators use traditional and online communications tools to notify investors proactively of potential scams, while also initiating freeze orders and cease trade orders to limit or contain harm to investors.

Miscellaneous

The miscellaneous heading captures cases that were not easily classifiable into one established category of securities violation. In some instances, such as the Agoracom case highlighted below, the miscellaneous category captures new and emerging securities enforcement issues. The growing prevalence of online discussion forums, in which participants can typically conceal their identities, makes it easier for investments to be promoted inappropriately by those who have a financial interest in the investment in question.

Concluded cases

The OSC concluded a settlement agreement relating to the online posting activity of Agoracom Investor Relations Corp. and three other respondents. Agoracom says it provides investor relations and marketing services to small and micro cap public companies trading on the TSX and TSX Venture exchanges. These services include creating and managing client and non-client issuer "hubs" that contain discussion forums moderated by Agoracom as well as information and news related to issuers' securities. George Tsiolis and Apostolis Kondakos admitted they required their representatives to post messages anonymously to the client forums using aliases in order to create an appearance of greater interest in the securities of Agoracom's clients than actually existed. Representatives used up to 200 aliases and were required to make a requisite number of posts per hub per day or risk having their pay docked. On occasion, Agoracom staff conversed with themselves on the forums using different aliases. As well, Kondakos intercepted private messages between public users on Agoracom's platform, for the purpose of gathering information about companies in which he was personally invested. Sanctions included directors and officers bans and registration bans. In addition, the respondents agreed to make a payment of $150,000, and to issue a press release including a link to the Settlement Agreement, which they will post on the home page of Agoracom's website for six months.

Fines and trading bans in a set of BC settlements related to Sungro Minerals Inc. show the consequences of misleading securities investigators. The BCSC fined five individuals a total of $25,000 and banned them for six years after they each admitted to giving false or misleading statements in a BCSC investigation into suspicious trading in Sungro Minerals shares, a company quoted on the U.S. OTC Bulletin Board. BCSC investigators had separately interviewed Parvin Kaur Dhudwal, Amrik Singh Bahd, Kulbir Singh Uppal (a.k.a. Kelly Uppal), Gurpreet Kaur Jhutty, and Paul Uppal. When questioned, each respondent claimed to have paid for Sungro shares, but each later admitted to being reimbursed for their share purchases. The five respondents also admitted to meeting with unnamed individuals who gave them Sungro share certificates prior to their investigative interviews and who instructed them, if asked, to tell BCSC investigators that they had received them on earlier dates. The investigation into the trading of Sungro shares remains ongoing.

People involved in the marketplace who are not registrants or insiders, like investor relations firms, can nevertheless impact the market and must comply with securities laws. Securities regulators can take action against such third parties when warranted.

Key Players in Enforcement

IN CANADA, A NUMBER OF LAWS AND RULES GOVERN CAPITAL MARKETS AND MARKET PARTICIPANTS; DIFFERENT AGENCIES ENFORCE THESE LAWS AND RULES. EACH FULFILLS DIFFERENT ROLES IN THE OVERALL REGULATION OF CAPITAL MARKETS. CSA MEMBERS ADMINISTER AND ENFORCE THE SECURITIES LEGISLATION IN EACH JURISDICTION, WHEREAS CRIMINAL AUTHORITIES ENFORCE THE CRIMINAL CODE, WHICH INCLUDES OFFENCES SUCH AS FRAUD AND MONEY LAUNDERING.

Securities Laws and Regulators

Securities laws in each province and territory are comprised of a *Securities Act*, which provides the legal foundation for regulatory requirements related to the capital markets, along with any regulations or rules under each Act and any blanket ruling or order issued by CSA members. Securities laws impose duties on issuers, registrants and other market participants.

An effective regulatory enforcement regime is rooted in strategies that focus on investor protection and the prevention of harm. CSA members, as securities regulators, investigate suspected securities-related misconduct, such as breaches of obligations by registrants with respect to clients, illegal sales of securities, or other securities law infractions.

Securities regulators may bring allegations of securities misconduct to a hearing before a securities commission or an associated tribunal. Securities legislation authorizes CSA members to seek or impose administrative sanctions for securities-related misconduct, including monetary sanctions and prohibitions from market participation or access. Such sanctions are intended to deter misconduct and to protect investors from harm.

Securities legislation can establish quasi-criminal offences for contraventions of regulatory requirements and prohibitions of certain activities related to the capital markets. Penalties for committing these types of offences can include a term of imprisonment and a significant fine. In some jurisdictions, staff may directly prosecute such cases in court. In others, securities regulators may refer allegations of certain quasi-criminal offences to a Crown attorney for prosecution in the courts. CSA members have no authority to order a term of imprisonment; this can only be done by a judge.

Criminal Code and Authorities

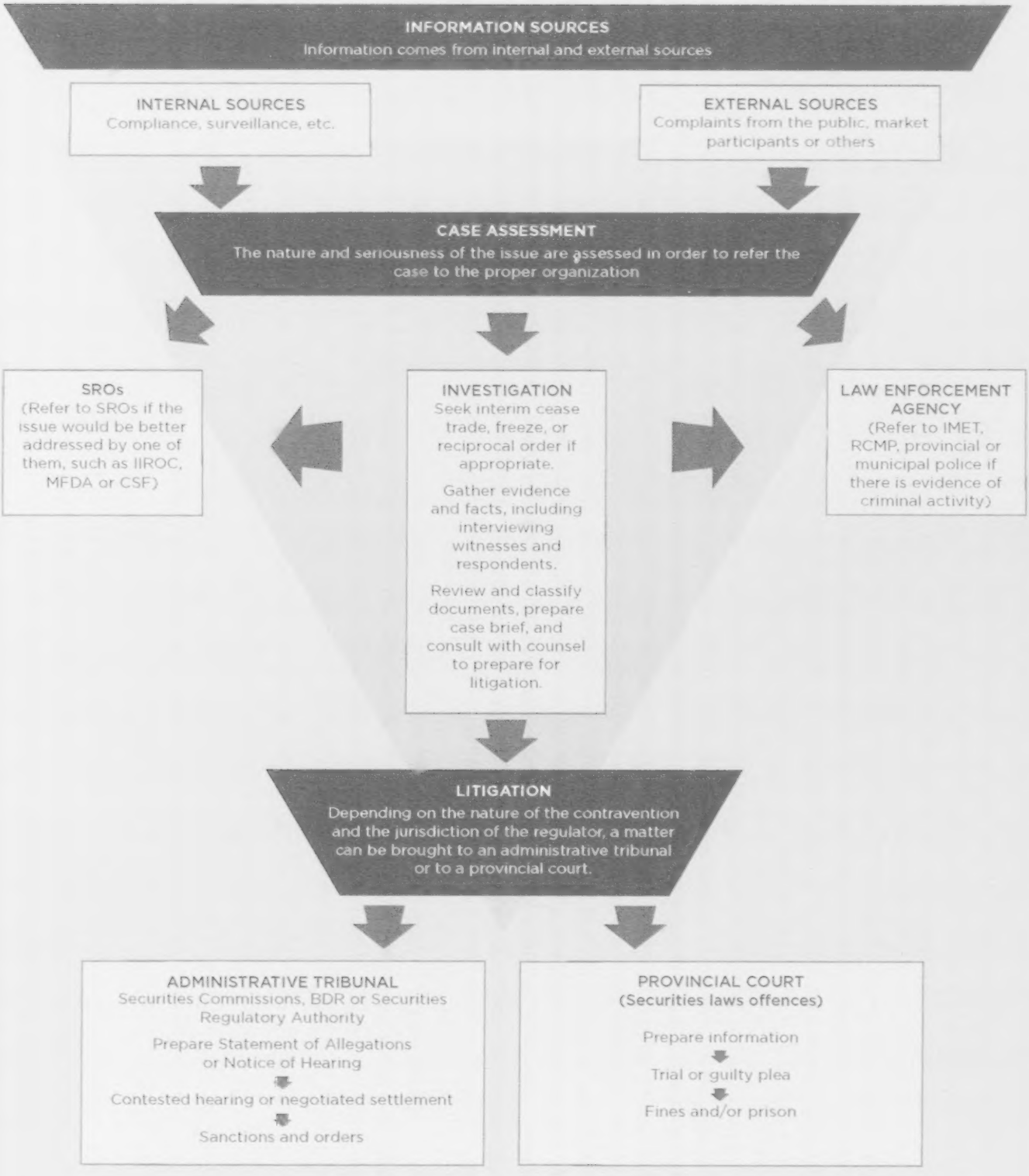
The *Criminal Code*, a federal statute, establishes both specific securities-related criminal offences (such as market manipulation), and more general economic crimes (such as fraud) which could also capture some securities-related misconduct. Penalties imposed by the courts for criminal offences are intended to, among other things, punish those persons who have committed securities-related misconduct. Penalties for committing offences can include a lengthy term of imprisonment and a significant fine under the *Criminal Code*. The pursuit of an offence under the *Criminal Code* requires charges to be laid by law enforcement, the Crown or, in Quebec, the Director of Criminal and Penal Prosecutions. The prosecution is then pursued by a Crown attorney or the Director.

Generally, RCMP, local and provincial police investigate securities-related criminal offences. Integrated Market Enforcement Teams (IMETs) are groups within the RCMP, comprised of specialized investigators, which also investigate capital market offences.

Self-Regulatory Organizations (SROs)

Canadian securities regulators have recognized national self-regulatory organizations (SROs) to regulate investment dealers and mutual fund dealers, under the oversight of CSA members. The key SROs in Canada are the Investment Industry Regulatory Organization of Canada (IIROC), the Chambre de la sécurité financière (CSF), and the Mutual Fund Dealers Association of Canada (MFDA). SROs can discipline member dealers or their employees for breaching SRO rules. Sanctions include suspension or termination of membership or market access and monetary penalties.

The Enforcement Process


INFORMATION SOURCES
Information comes from internal and external sources
INTERNAL SOURCES
Compliance, surveillance, etc.
EXTERNAL SOURCES
Complaints from the public, market participants or others
CASE ASSESSMENT
The nature and seriousness of the issue are assessed in order to refer the case to the proper organization
SROs
(Refer to SROs if the issue would be better addressed by one of them, such as IIROC, MFDA or CSF)
INVESTIGATION
Seek interim cease trade, freeze, or reciprocal order if appropriate.
Gather evidence and facts, including interviewing witnesses and respondents.
Review and classify documents, prepare case brief, and consult with counsel to prepare for litigation.
LAW ENFORCEMENT AGENCY
(Refer to IMET, RCMP, provincial or municipal police if there is evidence of criminal activity)
LITIGATION
Depending on the nature of the contravention and the jurisdiction of the regulator, a matter can be brought to an administrative tribunal or to a provincial court.
ADMINISTRATIVE TRIBUNAL
Securities Commissions, BDR or Securities Regulatory Authority
Prepare Statement of Allegations or Notice of Hearing
Contested hearing or negotiated settlement
Sanctions and orders
PROVINCIAL COURT
(Securities laws offences)
Prepare information
Trial or guilty plea
Fines and/or prison

Appendix

Cases Concluded in 2010

Illegal Distributions

- 1205676 Alberta Ltd. also known as "Front Row Tickets"; 660648 Alberta Ltd. also known as "S & I Holdings" and "S & I Holdings (Ticket Today)"; Windy Ridge Investments Ltd.; Hunt, Jason Allan; Tamura, Sam Sakai; Pittarelli, Anthony; Campanelli-Pittarelli, Giovanna; Pilling, Robert Claire; McLeod, Daniel Neil; Creason, Jamie Craig; Creason, Jimmy Ross (AB)
  - Sanction Order: 1205676 Alberta Ltd. also known as "Front Row Tickets"; 660648 Alberta Ltd. also known as "S & I Holdings" and "S & I Holdings (Ticket Today)"; Windy Ridge Investments Ltd.; Hunt, Jason Allan; Tamura, Sam Sakai; Pittarelli, Anthony; Campanelli-Pittarelli, Giovanna; Pilling, Robert Claire; McLeod, Daniel Neil; Creason, Jamie Craig; Creason, Jimmy Ross ▸
  - Decision Order: 1205676 Alberta Ltd. also known as "Front Row Tickets"; 660648 Alberta Ltd. also known as "S & I Holdings" and "S & I Holdings (Ticket Today)"; Windy Ridge Investments Ltd.; Hunt, Jason Allan; Tamura, Sam Sakai; Pittarelli, Anthony; Campanelli-Pittarelli, Giovanna; Pilling, Robert Claire; McLeod, Daniel Neil; Creason, Jamie Craig; Creason, Jimmy Ross ▸
- Adroit Investment Management Ltd. (SK) ▸
- Armstrong, Norman Graham* (BC) (no written decision provided)
- Armstrong, Norman Graham* (BC) (no written decision provided)
- Axcess Automation LLC; 6845941 Canada Inc. (carrying on business as Anesis Investments); Rutledge, David; and Mainse, Ronald (ON)
  - Order re: 6845941 Canada Inc. (carrying on business as Anesis Investments); and Rutledge, David ▸
  - Order re: Mainse, Ronald ▸
- Balayer, Christophe* (Norshield) (QC) ▸
- Beercroft, Nola Wanda (BC)
  - Settlement re: Beercroft, Nola Wanda ▸
  - Order re: Beercroft, Nola Wanda ▸
- Botha, Basil Roy (BC)
  - Settlement re: Botha, Basil Roy ▸
  - Order re: Botha, Basil Roy ▸
- Brousseau, Denis* (QC) ▸
- Cappellano, Anthony* (QC) ▸

* Cases prosecuted in the courts

- Chartcandle Investments Corporation; CCI Financial, LLC; Chartcandle Inc.; PSST Global Corporation; Chesnowitz, Stephen Michael; and Pauly, Charles (ON)
  - Order re: Pauly, Charles ▸
  - Order re: Chartcandle Investments Corporation; CCI Financial, LLC; Chartcandle Inc.; PSST Global Corporation; and Chesnowitz, Stephen Michael ▸
- Cloutier, André* (QC) ▸
- Couture, Pierre* (QC) ▸
- Couture, Éric (Gestion de placements Norshield (Canada) Ltée)* (QC) ▸
- Couture, Éric* (QC) ▸
- Cusson, Pascal (QC) ▸
- Delta 3 Capital Corporation Inc.; Dunn, Darrell W.; Gottselig, Michael; and Brzeski, Lucas also known as "Luke Brzeski" (AB)
  - Sanction Order: Delta 3 Capital Corporation Inc.; Dunn, Darrell W.; Gottselig, Michael; and Brzeski, Lucas also known as "Luke Brzeski" ▸
  - Decision Order: Delta 3 Capital Corporation Inc.; Dunn, Darrell W.; Gottselig, Michael; and Brzeski, Lucas also known as "Luke Brzeski" ▸
- Demers, Stevens* (QC) ▸
- Demers, Nathaly* (QC) ▸
- Denoncourt, Jean-Marc* (QC) ▸
- D'Entremont, Charles* (QC) ▸
- Desjardins, Guy* (QC) ▸
- Desrosiers, François* (Antoro) (QC) ▸
- Di Stefano, Rocco* (QC) ▸
- Dorion, Carole (Mount Real)* (QC) ▸
- Edgeworth Mortgage Investment Corporation (SK) ▸
- Fine Water Inc.; and With, Alan Geoffrey (BC)
  - Settlement re: Fine Water Inc.; and With, Alan Geoffrey ▸
  - Order re: Fine Water Inc.; and With, Alan Geoffrey ▸
- Fisgard Capital Corporation (SK) ▸
- Fontaine, Gaétan* (QC) (no written decision provided)

* Cases prosecuted in the courts

- Friedland, Steven Brian; Western Liquid Funding; and Western Liquid Funding Inc. (BC)
  - Settlement re: Friedland, Steven Brian; Western Liquid Funding; and Western Liquid Funding Inc. ▸
  - Order re: Friedland, Steven Brian; Western Liquid Funding; and Western Liquid Funding Inc. ▸
- Friesen, John; and Futronics Inc.* (MB) ▸
- Genius Funds also known as "Genius Investments" (BC) ▸
- Gestion de placements Hélène Dion inc.; and Hélène Dion (QC) (no written decision provided)
- Giroux, Jean-Pierre* (QC) (no written decision provided)
- Global Energy Group, Ltd.; New Gold Limited Partnerships; Harper, Christina; Tsatskin, Vadim; Schaumer, Michael; Feder, Elliot; Pasternak, Oded; Silverstein, Alan; Groberman, Herbert; Walker, Allan; Robinson, Peter; Brikman, Vyacheslav; Bajovski, Nikola; Cohen, Bruce; and Shiff, Andrew (ON)
  - Order re: Robinson, Peter ▸
- Gold-Quest International Corp.; Greene, David Michael; Jenkins, John; McGee, Michael; and Atwood, Delroy (AB)
  - Merit order re: Gold-Quest International Corp.; Greene, David Michael; Jenkins, John; McGee, Michael; and Atwood, Delroy ▸
  - Sanction order re: Gold-Quest International Corp.; Greene, David Michael; Jenkins, John; McGee, Michael; and Atwood, Delroy ▸
- Gold-Quest International; 1725587 Ontario Inc. carrying on business as "Health and Harmoney"; Harmoney Club Inc.; Buchanan, Donald Iain; Buchanan, Lisa; Gale, Sandra; and Iannicca, Paul (ON)
  - Order re: Iannicca, Paul ▸
  - Order re: Buchanan, Donald Iain; and Buchanan, Lisa ▸
- Greenley, Edward Ronald* (QC) (no written decision provided)
- Grenier, Eric* (QC) ▸
- Hallett Financial Services Ltd.; and Hallett, Phillip Ross (AB) ▸
- Hillcorp International Services; Hillcorp Wealth Management; Suncorp Holdings; 1621852 Ontario Limited; Hill, Steven John; Renneberg, Daryl; and De Melo, Danny (ON)
  - Order re: Renneberg, Daryl ▸
- Iaconno, Francesco (Mount Real)* (QC) ▸
- Iaconno, Francesco (Norshield)* (QC) ▸
- Ishmael, John Augustus* (MB) (no written decision provided)
- Investicare Seniors Housing Corp. (SK) ▸
- James, Albert Leslie; Douse, Ezra; and Dominion Investments Club Inc. (ON) ▸
- Kim, Sung Wan also known as "Sean" (BC) ▸

* Cases prosecuted in the courts

- Kustom Design Financial Services Inc.; Kustom Design Group Inc.; Hightide Management Inc.; Synergy Group (2000) Inc.; Lepitre, Michael Edward; Jones, Mark Adrian; and Zielke, Leonard Jonathan (AB)
  - Merit order re: Kustom Design Financial Services Inc.; Kustom Design Group Inc.; Hightide Management Inc.; Synergy Group (2000) Inc.; Lepitre, Michael Edward; Jones, Mark Adrian; and Zielke, Leonard Jonathan ▸
  - Sanction order re: Kustom Design Financial Services Inc.; Kustom Design Group Inc.; Hightide Management Inc.; Synergy Group (2000) Inc.; Lepitre, Michael Edward; Jones, Mark Adrian; and Zielke, Leonard Jonathan ▸
- Kyllo, Steven Peter; Mercury Capital S.A.; Moenkopi Resources Inc.; and Frey Mining Company Ltd. (BC) ▸
- L.T.M.T. Trading Ltd also known as "L.T.M.T. Trading"; and Shaw, Bernard (SK) ▸
- Lacroix, Joseph-Simon* (QC) ▸
- Lalonde, André* (Centre financier de la Montérégie) (QC) (no written decision provided)
- Lavoie, Daniel* (QC) ▸
- Lian, Jaime Lao Wan (Mount Real)* (QC) ▸
- L'Italien, Michel* (QC) ▸
- Lyttle, Larraine (Mount Real)* (QC) ▸
- Mackie Research Capital Corporation (BC) ▸
- Mahembe Inc. (QC) (no written decision provided)
- Maple Leaf Investment Fund Corp.; Chau, Joe Henry also known as "Henry Joe Chau", "Shung Kai Chow" and "Henry Shung Kai Chow"; Tulsaiani Investments Inc.; Tulsiani, Sunil; and Tulsiani, Ravinder (ON)
  - Order re: Tulsiani, Ravinder ▸
- Marquest Asset Management Inc. (SK) ▸
- Martins, Judith; and 9144-8597 Québec Inc. (QC) (no written decision provided)
- Mecca, Sebastian* (QC) ▸
- Medmira Inc.; and Chan, Hermes (NS) ▸
- Monexia* (QC) (no written decision provided)
- Money Express Financial Inc.; and Gedeon, John (SK) ▸
- Moore, Michael J.* (QC) ▸
- Mulet, Jean-Yves* (QC) (no written decision provided)
- Nadeau, Jean-Pierre* (QC) ▸
- Neale, Wilton J.; Multiple Streams of Income (MSI) Inc.; and 360 Degree Financial Services Inc. (Prosporex) (ON) ▸
- Niro, Antonella (Mount Real)* (QC) ▸

* Cases prosecuted in the courts

- Northern Securities Inc. (BC)
  - Settlement re: Northern Securities Inc. ▸
  - Order re: Northern Securities Inc. ▸
- O de Mer Propulsion inc.; Bissonnette, Luc; Laroche, Jean-François; Nolet, Gérard; Poirier, Jean-Louis; and Savoie, Jacques* (QC) ▸
- Option One International also known as "Option One International Advisors" and "Option One S.A." (BC) ▸
- Orion Advisory Services, S.A. also known as "Orion Advisory Services"; IntelliSource Markets B.V. also known as "Intellisource Markets"; IS Markets B.V.; and IS Markets (BC) ▸
- Petryk, Sylvester (QC) ▸
- Pigeon, Ghislaine* (QC) ▸
- Pittaro, John* (QC) ▸
- Platinum International Investments Inc.; and Robinson, Peter (ON) ▸
- Pogachar, L. Jeffrey; Lombardi, Paola; Price, Alan S.; New Life Capital Corp.; New Life Capital Investments Inc.; New Life Capital Advantage Inc.; New Life Capital Strategies Inc.; 1660690 Ontario Ltd.; 2126375 Ontario Inc.; 2108375 Ontario Inc.; 2126533 Ontario Inc.; 2152042 Ontario Inc.; 2100228 Ontario Inc.; and 2173817 Ontario Inc. (ON)
  - Order re: Price, Alan S. ▸
- Portfolio Strategies Corporation (BC)
  - Settlement re: Portfolio Strategies Corporation ▸
  - Order re: Portfolio Strategies Corporation ▸
- Prescott, Guy* (QC) ▸
- Provost, Claude-Yvon* (QC) ▸
- Purvis, Michael* (QC) ▸
- Quenneville, Paul (Mount Real)* (QC) ▸
- Resic, Serge Élie (Como FX Capital Market)* (QC) ▸
- Robitaille, Réal (QC) (no written decision provided)
- Rossi, Antonio* (QC) ▸
- S & L Transactions Limited; Saintonge, Robert; and Saintonge, Aline (NB) ▸
- Sabourin and Sun Canada Inc.; Sabourin and Sun (BVI) Inc.; Sabourin and Sun Group of Companies Inc.; Camdeton Trading Ltd.; Camdeton Trading S.A.; Sabourin, Peter; Haver, W. Jeffrey; Irwin, Greg; Smith, Shane; Lloyd, Andrew; and Delahaye, Sandra (ON) ▸
- Sayler, Richard Wayne (AB) ▸
- Scallop Shell Pollution Solutions (NS) ▸

* Cases prosecuted in the courts

- Seisma Oil Research, LLC; Seisma Energy Research A.V.V.; Seisma Energy Research, LLC; SXC Stock Exchange of the Caribbean A.V.V.; Seisma Mckenzie Draw #1 Joint Venture also known as "Mckenzie Draw Joint Venture"; Solomon, Justin; Somers, Peter; and Hedley, Victor (SK)
- Sellars, John Robert* (AB)
- Sellars, Penny Jean (AB)
- Shaker Management Group Inc.; and Hendry, Trudi (NB)
  - Settlement re: Shaker Management Group Inc.; and Hendry, Trudi
  - Order re: Shaker Management Group Inc.; and Hendry, Trudi
- Shallow Oil & Gas Inc.; O'Brien, Eric; Da Silva, Abel; Gahunia, Gurdip Singh also known as "Michael Gahunia"; Grossman, Abraham Herbert also known as "Allen Grossman"; Diadamo, Marco; McQuarrie, Gord; Wash, Kevin; and Mankofsky, William† (ON)
  - Order re: Gahunia, Gurdip Singh also known as "Michael Gahunia"
- Sitefinders Capital 9 Corporation (SK)
- Smylski, Robert Michael; and Smylski Consulting Services Ltd. (carrying on business as Money Solutions) (AB)
  - Merit order re: Smylski, Robert Michael; and Smylski Consulting Services Ltd. (carrying on business as Money Solutions)
  - Sanction order re: Smylski, Robert Michael; and Smylski Consulting Services Ltd. (carrying on business as Money Solutions)
- Snowcastle Estates Ltd.; and Derow, Myron Benedict (SK)
- Solara Technologies Inc.; and Beattie, William Dorn (BC)
- Spence, Scott William Bradley* (MB)
- St-Denis, Sylvie (Mount Real)* (QC)
- Tardif, Yves* (QC)
- The Hear Now Incorporated; Besaw, Gerard; Wilby, Simon; and Sirman, Michael (AB)
  - Settlement re: The Hear Now Incorporated
  - Settlement re: Besaw, Gerard
  - Merit order re: Wilby, Simon; and Sirman, Michael
  - Sanction order re: Wilby, Simon; and Sirman, Michael
- TradeStation Securities Inc. (NS)
- Tremblay, Martin* (QC)
- Trident Properties Ltd.; and Iyer, Vimal (AB)

* Cases prosecuted in the courts † This case was already counted as concluded in last year's report

- Turp, Gérald* (QC) ▸
- Uranium308 Resources Inc.; Friedman, Michael; Robinson, Peter; Schwartz, George; and Khan, Shafi (ON)
  - Order re: Uranium308 Resources Inc.; and Friedman, Michael ▸
  - Order re: Robinson, Peter ▸
- Valiquette, Alain* (QC) (no written decision provided) (sentencing hearing to come)
- Viau, Christian* (QC) ▸
- Vigneault, Anne* (QC) (no written decision provided)
- Walker, Andrew Gordon; Paulson, Dale Michael; and Tamburrino, Giuliano Angelo (BC) ▸
- White, Franklin Danny; Qureshi, Naveed Ahmad; WNBC The World Network Business Club Ltd.; MMCL Mind Management Consulting; Capital Reserve Financial Group; and Capital Investments of America (ON) ▸
- XI Biofuels Inc.; Biomaxx Systems Inc.; XIIVA Holdings Inc. carrying on business as "XIIVA Holdings Inc.", "XI Energy Company", "XI Energy" and "XI Biofuels"; Crowe, Ronald; and Smith, Vernon (ON) ▸
- York Rio Resources Inc.; Brilliante Brasilcan Resources Corp.; York, Victor; Runic, Robert; Schwartz, George; Robinson, Peter; Sherman, Adam; Demchuk, Ryan; Oliver, Matthew; Valde, Gordon; and Bassingdale, Scott (ON)
  - Order re: Robinson, Peter ▸

Illegal Insider Trading

- Bain, Robert George (AB) ▸
- Chobotuk, Kenneth Lyle (AB) ▸
- Côté, Dominic* (QC) ▸
- Côté, Martial* (QC) ▸
- Desrosiers, François C.* (QC) ▸
- IBK Capital Corp.; and White, William F. (ON) ▸
- Krikke, Vernon Arnold (AB) ▸
- Lenko, Charles Alexander Mark; and Kylskap Creek Holding Ltd. (AB) ▸
- Lester, Dwight; and McAra-Lester, Kimberley (AB) ▸
- Purkis, Scott Edward (ON) ▸
- Strategic Equity Corp.; and Bulloch, David (AB) ▸
- Waite, Peter (AB) ▸
- Wilson, Bradley Arthur (AB) ▸

* Cases prosecuted in the courts

Market Manipulation

- Courtney, Raymond (KnowledgeHouse) (NS)
- Cruickshank, Alan (SK)
- During, John (NS)
- Michopoulos, Konstandino (BC)
  - Settlement re: Michopoulos, Konstandino
  - Order re: Michopoulos, Konstandino

Disclosure Violations

- BMO Nesbitt Burns (Onco Petrolium) (QC)
- BMO Nesbitt Burns Inc. (ON)
- Cooper Mesa Mining (QC)
- Flag Resources (1985) Limited; Golden Briar Mines Limited; McLeod, Murdo Campbell; and Miszczuk, Sidney (AB)
  - Merit order re: Flag Resources (1985) Limited; Golden Briar Mines Limited; McLeod, Murdo Campbell; and Miszczuk, Sidney
  - Sanction order re: Flag Resources (1985) Limited; Golden Briar Mines Limited; and McLeod, Murdo Campbell
- Guimond, Luc; and Exploration Knick Inc. (QC)
- Hav-Loc Private Wealth Partners Inc.; and Gevaert, Thierry (AB)
  - Merit order re: Hav-Loc Private Wealth Partners Inc.; and Gevaert, Thierry
  - Sanction order re: Hav-Loc Private Wealth Partners Inc.; and Gevaert, Thierry
- Porlier, Pascal; and Exploration Knick Inc. (QC)
- Ressources Ste-Geneviève Ltée (QC) (no written decision provided)
- Ricard, Normand (Conporec) (QC)
- Thivierge, Alain; and Exploration Knick Inc. (QC)
- Vanier, Robert Joseph also known as "Carl Joseph Gagnon" (ON)
  - Order re: Vanier, Robert Joseph also known as "Carl Joseph Gagnon"

* Cases prosecuted in the courts

Misconduct by Registrants

- Allard, Donald (QC) ▸
- Briand, Harrison & Associates Corporation; Harrison, Stephen; and Briand, Craig (NB)
  - Order re: Briand, Harrison & Associates Corporation; Harrison, Stephen; and Briand, Craig ▸
  - Settlement re: Briand, Harrison & Associates Corporation; Harrison, Stephen; and Briand, Craig ▸
- Cahill, Barrie William* (MB) ▸
- Cajolet, Claude (QC) ▸
- Corporation Valeurs mobilières Dundee (QC) ▸
- Di Fonzo, Mario (MB) ▸
- Elsie, Randall (NS) ▸
- Fileccia, Kristine Amanda* (MB) (no written decision provided)
- Heritage Education Funds Inc. (BC)
  - Settlement re: Heritage Education Funds Inc. ▸
  - Order re: Heritage Education Funds Inc. ▸
- Humeniuk, Paul (SK) ▸
- James, Raymond (QC) ▸
- Johnson, Arnold (NS) ▸
- Johnson, Lori Diane; and Wimble, Gordon Joseph (MB) ▸
- Lesage, Michel (QC) ▸
- Retrocom Growth Fund Inc.; Steplock, Roy Michael; Geddes, Christopher Joseph; Holko, Edward John; and Tersigni, Ralph James (ON)
  - Order re: Geddes, Christopher Joseph ▸
  - Order re: Holko, Edward John ▸
  - Order re: Steplock, Roy Michael ▸
  - Order re: Tersigni, Ralph James ▸
- Sextant Capital Management Inc., Sextant Capital Gp Inc., Otto Spork, Konstantinos, Ekonomidis, Robert Levack and Natalie Spork (ON)
  - Order re: Levack, Robert ▸
- McDonald, Neil Andrew (AB) ▸

* Cases prosecuted in the courts

- Norshield Asset Management (Canada) Ltd.; Olympus United Group Inc.; Xanthoudakis, John; Smith, Dale; and Kefalas, Peter (ON)
- Olympian Financial Inc. (NS)
- Paladin Capital Markets Inc.; and Maya, Claudio Fernando (ON)
  - Order re: Paladin Capital Markets Inc.
- Rethy, Steven (NS)

Miscellaneous

- Agoracom Investor Relations Corp.; Agora International Enterprises Corp.; Tsiolis, George; and Kondakos, Apostolis also known as "Paul Kondakos" (ON)
- Da Silva, Abel* (ON)
- Dhudwal, Parvin Kaur; Bahd, Amrik Singh; Uppal, Kulbir Singh also known as "Kelly Uppal"; Jhutty, Gurpreet Kaur; and Uppal, Paul (BC)
  - Settlement re: Dhudwal, Parvin Kaur; Bahd, Amrik Singh; Uppal, Kulbir Singh also known as "Kelly Uppal"; Jhutty, Gurpreet Kaur; and Uppal, Paul
  - Order re: Dhudwal, Parvin Kaur; Bahd, Amrik Singh; Uppal, Kulbir Singh also known as "Kelly Uppal"; Jhutty, Gurpreet Kaur; and Uppal, Paul
- Fournier, Gilbert* (QC) (no written decision provided)
- Forest, Jacinthe* (QC)
- Ghani, Ali (AB)
- Pangia, Teodosio Vincent (ON)
- Rawding, John (NS)
- Robinson, Peter* (ON)
- WFG Securities of Canada Ltd.; and Limpert, David (NB)
  - Order re: WFG Securities of Canada Ltd.; and Limpert, David
  - Settlement re: WFG Securities of Canada Ltd.; and Limpert, David

* Cases prosecuted in the courts

Contact Us

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Alberta

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, AB T2P 0R4
Tel: 403-297-6454 or 1-877-355-0585
Fax: 403-297-6156
Web site: www.albertasecurities.com
Inquiries: inquiries@asc.ca

British Columbia

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, BC V7Y 1L2
Tel: 604-899-6500 or 1-800-373-6393
Fax: 604-899-6506
Web site: www.bcsc.bc.ca
Inquiries: inquiries@bcsc.bc.ca

Manitoba

Manitoba Securities Commission
500 - 400 St. Mary Avenue
Winnipeg, MB R3C 4K5
Tel: 204-945-2548
Fax: 204-945-0330
Web site: www.msc.gov.mb.ca
Inquiries: securities@gov.mb.ca

New Brunswick

New Brunswick Securities Commission
85 Charlotte Street, Suite 300
Saint John, NB E2L 2J2
Tel: 506-658-3060
Fax: 506-658-3059
Web site: www.nbsc-cvmnb.ca
Inquiries: information@nbsc-cvmnb.ca

Newfoundland and Labrador

Department of Government Services
Consumer & Commercial Affairs Branch
2nd Floor, West Block
Confederation Building
P.O. Box 8700
St. John's, NL A1B 4J6
Tel: 709-729-4189
Fax: 709-729-6187
Web site: www.gov.nl.ca/gs

Northwest Territories

Superintendent of Securities
Department of Justice
Government of the Northwest Territories
1st Floor Stuart M. Hodgson Building
5009 - 49th Street
P.O. Box 1320
Yellowknife, NT X1A 2L9
Tel: 867-920-3318
Fax: 867-873-0243
Web site: www.justice.gov.nt.ca

Nova Scotia

Nova Scotia Securities Commission
CIBC Building
Suite 501, 1809 Barrington Street
P.O. Box 451
Halifax, NS B3J 3K8
Tel: 902-424-7768
Fax: 902-424-4625
Web site: www.gov.ns.ca/nssc

Nunavut

Superintendent of Securities
Department of Justice
Government of Nunavut
1st Floor, Brown Building
P.O. Box 1000 - Station 570
Iqaluit, NU X0A 0H0
Tel: 867-975-6590
Fax: 867-975-6594

Ontario

Ontario Securities Commission
Box 55
Suite 1903 - 20 Queen Street West
Toronto, ON M5H 3S8
Tel: 416-593-8314 or (Ontario only) 1-877-785-1555
Fax: 416-593-8122
Web site: www.osc.gov.on.ca
Inquiries: inquiries@osc.gov.on.ca

Prince Edward Island

Securities Office
Consumer, Corporate and Insurance Services Division
Office of the Attorney General
95 Rochford Street, P.O. Box 2000
Charlottetown, PE C1A 7N8
Tel: 902-368-4569
Fax: 902-368-5283
Web site: www.gov.pe.ca/securities

Québec

Autorité des marchés financiers
Place de la Cité, tour Cominar
2640, boulevard Laurier, 3e étage
Québec, QC G1V 5C1
Tel: 418-525-0337 or 1-877-525-0337
Fax: 418-525-9512
Web site: www.lautorite.qc.ca
Inquiries: information@lautorite.qc.ca

Saskatchewan

Saskatchewan Financial Services Commission
6th Floor 1919 Saskatchewan Drive
Regina, SK S4P 3V7
Tel: 306-787-5645 (Regina)
Fax: 306-787-5899 (Regina)
Web site: www.sfsc.gov.sk.ca

Yukon

Superintendent of Securities
Community Services
P.O. Box 2703
Whitehorse, YT Y1A 3C6
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Whitehorse, YT Y1A 5H6
Tel: 867-667-5225
Fax: 867-393-6251
Web site: www.community.gov.yk.ca